

Illinois recently implemented a pilot direct pay permit program and is currently implementing a full program. 35 ILCS 120/2-10.5. See P.A. 90-682 and P.A. 92-0484. (This is a GIL).

November 9, 2001

Dear Xxxxx:

This letter is in response to your letter dated October 11, 2001. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), which can be found on the Department's website at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter, you have stated and made inquiry as follows:

I have two clients that, on occasion, have received letters from their customers advising them that they would be self assessing or paying sales or use tax direct to the State of IL, and would therefore not be paying the sales tax to my clients.

My understanding that is that my clients are obligated to collect tax on all transactions subject to ROT assuming they are a registered in IL as a retailer.

- 1) Is there a provision in the law for self assessing sales tax?
- 2) Can a customer decide on there own that they will self assess use tax rather than pay sales tax.
- 3) If the answers are no to 1 and 2, what would be the Departments position if the my clients were audited?

Thank you for your help in this matter.

Illinois does not generally authorize the use of direct pay permits. Purchasers must pay tax to registered retailers or document an exemption. However, Illinois recently implemented a pilot direct pay permit program and is currently working on implementing a full program. See P.A. 90-682 and P.A. 92-0484. Participants in this program should present documentation that they have been approved by the Department for participation in this program. This documentation should include a copy of their direct pay permit. See 35 ILCS 120/2-10.5

If a company is not able to present this documentation, then they must pay tax to your clients or document an exemption.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis
Associate Counsel

MAJ:msk